

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION**  
**OF SOUTH CAROLINA**  
**DOCKET NO. 2007-244-W**

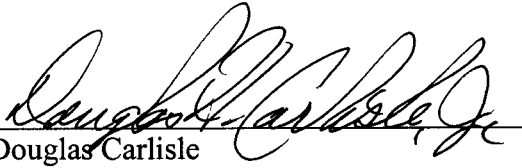
IN RE: Application of Southland Utilities, )  
Incorporated For Adjustment of Rates and )  
Charges for the Provision of Water Services )  
\_\_\_\_\_ )

AFFIDAVIT OF DOUGLAS H. CARLISLE, JR.

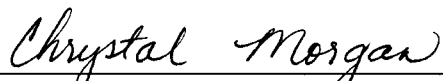
The Affiant, after having been first duly sworn, deposes and states as follows:

1. My name is Douglas H. Carlisle, Jr., and I am employed by the South Carolina Office of Regulatory Staff ("ORS") as an Economist.
2. My office is located at 1441 Main Street, Suite 300, Columbia, South Carolina, 29201
3. Consistent with my duties as the economist for ORS, I testified at the settlement hearing regarding Southland Utilities, Inc.'s application on October 18, 2007. The purpose of my testimony was to support the 9.3% return on equity (ROE) set out in the settlement agreement.
4. During my testimony, I received a question from a Commissioner as to whether I had performed any analysis to support my opinion that 9.3% was a reasonable ROE. My answer to this question was no.
5. To supplement my answer: I consulted recently approved ROEs for other Utilities, Inc., owned companies and concluded a 9.3% ROE was reasonable. See Exhibit A.
6. After consulting the approved ROEs in these recent cases, I determined the 9.3% ROE in this settlement agreement was within the range of those recently approved by this Commission for other United Utilities, Inc. subsidiaries. This and other similar cases led me to conclude that a 9.3% ROE was reasonable in this case.

AND FURTHER THE AFFIANT SAYETH NOT.

  
Douglas Carlisle  
Economist  
South Carolina Office of Regulatory Staff  
1441 Main Street, Suite 300  
Columbia, South Carolina 29211  
Phone: 803.737.0580  
dcarlis@regstaff.sc.gov

Sworn and subscribed before me  
This 19<sup>TH</sup> day of October, 2007

  
Notary Public for South Carolina  
My Commission Expires: 9/22/2014

## EXHIBIT A

**Utilities, Inc.**  
**Commission Approved Return on Equity**  
**As of October 18, 2007**

| <b><u>Company</u></b>        | <b><u>Docket No.</u></b> | <b><u>Order No.</u></b> | <b><u>Date of Order</u></b> | <b><u>ROE</u></b>          |
|------------------------------|--------------------------|-------------------------|-----------------------------|----------------------------|
| Carolina Water Service, Inc. | 2004-357-WS              | 2007-135                | 3/1/2007                    | 9.10% Remand Order         |
| United Utility Companies     | 2000-210-WS              | 2004-254                | 5/19/2004                   | 10.0%                      |
| Tega Cay Water Service       | 2006-297-WS              | 2006-582                | 10/9/2006                   | 9.4%                       |
| Utilities Services of SC     | 2005-217-WS              | 2006-22                 | 1/19/2006                   | 9.75%                      |
| Haig Point                   | 2005-34-WS               | 2005-436                | 08/25/2005                  | 8.58% (water portion only) |